

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 NEA-10 FEA-01 AEC-07 AID-05 CEA-01

CIAE-00 CIEP-02 COME-00 DODE-00 EB-06 FPC-01 H-02

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01

SAM-01 OES-04 SP-02 SS-15 STR-04 TRSE-00 FRB-01 PA-02

USIA-15 PRS-01 AGR-10 SWF-01 /126 W

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R 122215Z NOV 74

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 4977

UNCLAS GUATEMALA 6199

E.O. 11652: N/A

TAGS: EAGR, ENRG, GT

SUBJECT: COFFEE FUND FINANCING AND PETROLEUM ADVICE

MONDAY AFTERNOON IMPARCIAL CARRIED STORY OF MEETING OF GUATEMALAN DELEGATION IN VENEZUELA DURING WHICH AGREEMENT WAS ALLEDGEDLY REACHED BETWEEN GUATEMALANS, MEXICANS AND VENEZUELANS FOR THE CREATION OF A FUND TO FINANCE THE BUILDING OF COFFEE STOCKS. GUATEMALAN DELEGATION COMPOSED OF FONMIN ORANTES, MINECON PALOMO AND PRESIDENT OF CENTRAL BANK MENDEZ. THREE MET WITH VENEZUELAN FONMIN, MINECON, PETROLEUM MINISTER, MEXICAN DIRECTOR OF NATURAL RESOURCES ALSO PARTICIPATED. IN PRESS INTERVIEW PALOMO STATED THAT MISSIONS FROM OTHER LA'S WERE GOING TO MEET IN VENEZUELA NOV 15 TO FORMALIZE FUNDING PROPOSAL AND HE MENTIONED POSSIBILITY OF SOME ARAB PARTICIPATION IN ADDITION TO VENEZUELA AND MEXICO. PURPOSE OF FUND, OF COURSE, IS TO FINANCE THE RETENTION OF STOCKS THUS PREVENTING FURTHER DECLINE IN COFFEE PRICES.

PALOMO ALSO STATED THAT BOTH MEXICO AND VENEZUELA MADE OFFERS TO GUATEMALA OF ADVICE AND TECHNICAL ASS-  
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ISTANCE REGARDING PETROLEUM EXPLORATION AND EXPLOITATION.

A VENEZUELA MISSION IS SUPPOSEDLY COMING TO GUATEMALA  
DURING NOVEMBER TO FOLLOW UP PROPOSAL.

PALOMO DISCOUNTED ANY POSSIBILITY OF RECEIVING A  
PRICE BREAK ON IMPORTED VENEZUELA OIL GIVEN VENEZUELA'S  
OPEC AGREEMENTS BUT SAID A CREDIT PLAN FOR EASING GUATEMALA'S  
PAYMENTS BURDEN WAS DISCUSSED.

COMMENT: THE MAINTENANCE OF A COFFEE STOCK BY THE LA'S  
HAS BEEN MUCH DISCUSSED RECENTLY BUT FINANCING IS  
REALLY ONLY ONE HURDLE. STILL TO BE SOLVED IS THE PROBLEM  
OF HOW MUCH WILL BE WITHHELD, BY WHOM AND HOW MUCH EACH  
PRODUCING COUNTRY WILL BE ABLE TO SELL. TO THE EXTENT  
THAT THESE DECISIONS AFFECT PRODUCERS' BALANCE OF PAYMENTS  
CONSIDERATIONS THEY WILL BE MOST DIFFICULT TO RESOLVE.  
IN SO FAR AS OIL EXPERTISE IS CONCERNED GUATEMALA  
CAN CERTAINLY USE SOME GOOD ADVICE.

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## Message Attributes

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**TAGS:** EAGR, ENRG, GT, VE, MX  
**To:** STATE  
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